

REVENUE DEPARTMENT[701]

Adopted and Filed

Pursuant to the authority of Iowa Code section 421.14, the Department of Revenue hereby amends Chapter 71, “Assessment Practices and Equalization,” Iowa Administrative Code.

This amendment clarifies that for owner-occupied commercial property, the assessor may not consider data relating to the business operations of the owner.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2990C** on March 29, 2017.

The Department received public comments on this rule making. The Department made no changes based on the public comments. The Iowa City Assessor was concerned that taxpayers could use the amendment to argue that assessors may not use information to determine whether a valuable going concern was occupying the real estate and requested an amendment to the rule clarifying that point. A citizen of Urbandale, Catherine Creighton, suggested that the amendment created ambiguity regarding the determination of a valuable going concern and that it would make assessors’ jobs more difficult.

This amendment is identical to that published under Notice of Intended Action.

Any person who believes that the application of the discretionary provisions of this amendment would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

The Department adopted this amendment on May 15, 2017.

After analysis and review of this rule making, no adverse impact on jobs has been found.

This amendment is intended to implement Iowa Code section 441.21.

This amendment will become effective July 12, 2017.

The following amendment is adopted.

Amend rule 701—71.5(421,428,441), introductory paragraph, as follows:

701—71.5(421,428,441) Valuation of commercial real estate. Commercial real estate shall be assessed at its actual value as defined in Iowa Code section 441.21. In determining the actual value of commercial real estate, city and county assessors shall use the appraisal manual issued by the department of revenue pursuant to Iowa Code section 421.17(18) as well as a locally conducted assessment/sales ratio study, an analysis of sales of comparable properties, and any other relevant data available. In cases involving the valuation of owner-occupied commercial property, the data relating to the financial performance of the owner or the owner’s business, including but not limited to its sales, revenue, expenses, or profits, shall not be considered relevant in determining the property’s actual value.

[Filed 5/15/17, effective 7/12/17]

[Published 6/7/17]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 6/7/17.